

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)
)
Prescribing the Authorized) CC Docket No. 98-166
Unitary Rate of Return for)
Interstate Services of Local)
Exchange Carriers)

UNITED STATES TELEPHONE ASSOCIATION
NATIONAL TELEPHONE COOPERATIVE ASSOCIATION
NATIONAL RURAL TELECOM ASSOCIATION
OPASTCO
INDEPENDENT TELEPHONE AND TELECOMMUNICATIONS ALLIANCE
NATIONAL EXCHANGE CARRIER ASSOCIATION, INC.

MOTION FOR EXTENSION OF TIME

The United States Telephone Association ("USTA"), National Telephone Cooperative Association ("NTCA"), National Rural Telecom Association ("NTRA"), Organization for the Promotion and Advancement of Small Telecommunications Companies ("OPASTCO"), Independent Telephone and Telecommunications Alliance ("ITTA"), and National Exchange Carrier Association, Inc. ("NECA") hereby request an extension of time to file responses to the Commission's *Notice* and *NPRM* in the above-referenced proceeding. This Joint Motion seeks a 6 month extension of time, from the initial December 3, 1998 filing dates, to respond to the *Notice* and *NPRM*.

In the *Notice* released October 5, 1998, the Commission initiated a proceeding to represcribe

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the authorized rate-of-return for interstate access services provided by ILECs.¹ According to the *Notice*, the Commission seeks comment on the methods by which it could calculate the ILECs' cost of capital. In addition, in the *NPRM*, the Commission seeks comments on its proposal to correct "errors in the codified formulas for the cost of debt and cost of preferred stock and seek comment on whether this proceeding warrants a change in the low-end formula adjustment for local exchange carriers subject to price-caps."²

The issues raised in the *Notice* and *NPRM* are complex. Moreover, resolution of these issues in this docket will be greatly impacted by the Commission's decisions in other dockets including access reform, universal service and separations. Additional time is needed to permit rate-of-return carriers an opportunity to weigh the impact of any changes in current regulations and rate prescription will have on these proceedings. Also, the Commission's timetable for presenting direct cases and commenting on the *NPRM* does not provide sufficient time to provide the comprehensive response from ILECs necessary for the Commission to properly assess the issues raised in the *Notice* and *NPRM*. With direct case submissions and responses to the *NPRM* due on the same dates, ILECs will be greatly disadvantaged in providing the information that the

¹ The parties joining in this extension request take the position that the Commission should defer this entire proceeding because virtually *all* the critical regulatory issues that impact the viability of small and rural companies and their ability to serve their customers' evolving needs are unsettled. The cost in administrative and industry resources for prescribing a new rate of return now cannot be justified, since the exercise will need to be repeated when the regulatory environment has been defined. The Commission should address these broader issues first before going forward in this docket.

² *Notice Initiating a Prescription Proceeding and Notice of Proposed Rulemaking* at 3, ¶1.

Commission seeks. Of particular concern is the impact of this proceeding on small, rural and mid-size ILECs which lack the financial and technical resources necessary to respond to the issues raised in the Commission's *Notice* and *NPRM* in such a short time frame. Moreover, an extension of time will permit the more than 1,300 rate-of-return ILECs the opportunity to plan how best to respond to the Commission's request for direct case submissions in a manner that may avoid the Commission having to review more than 1,300 individual direct case submissions, responses and rebuttals. The ability to secure experts and study data is essential to rate-of-return companies responding to the issues raised by the Commission and will require additional time. Indeed, in the interest of administrative efficiency, an extension of time would permit the Commission to address other pending issues, allow parties affected by this proceeding more time to ensure that the Commission has accurate information on which to make an appropriate judgment regarding the complex issues raised in the *Notice and NPRM*, and provide for an orderly resolution while avoiding a rush to judgment that will create adverse impacts on ILECs regarding important issues such as universal service, access reform, separations, and deployment of advanced telecommunications networks.

Avoidance by the Commission of regulatory decisions adverse to the financial vitality of ILECs is critically important to the ability of ILECs in general, and rate-of-return ILECs in particular, to raise capital and conduct ongoing business operations in competitively and financially risky markets, to provide the services which their customers demand. The grant of the extension of time requested in this Joint Motion will send the right signals to investors, capital markets, customers and consumers regarding the financial ability of rate-of-return companies to compete and serve the public's interest in their deployment of telecommunications services throughout the nation - - in the

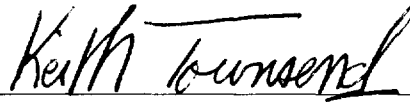
small, rural, high-cost, and lower density areas of the country which many rate-of-return ILECs serve.

The joint filers respectfully request an extension of time until June 4, 1999 for interested parties to file direct cases and comments to the *Notice and NPRM*, with further responses also extended by 6 months from their current due dates.

Respectfully submitted,

UNITED STATES TELEPHONE ASSOCIATION

November 2, 1998



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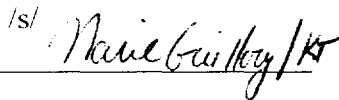
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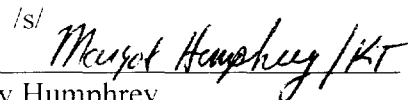
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